

AMENDED IN ASSEMBLY AUGUST 3, 2016

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN ASSEMBLY JUNE 14, 2016

AMENDED IN SENATE APRIL 12, 2016

**SENATE BILL**

**No. 1414**

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**Introduced by Senator Wolk**

(Principal coauthor: Assembly Member Williams)

February 19, 2016

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An act to add Section 25402.12 to the Public Resources Code, and to amend Section 399.4 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1414, as amended, Wolk. Energy.

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to prescribe, by regulation, building design and construction standards and energy and water conservation design standards for new residential and nonresidential buildings. Existing law requires the Energy Commission to prescribe, by regulation, standards for minimum levels of operating efficiency to promote the use of energy-efficient and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis. Existing law requires that the minimum levels of operating efficiency be based on feasible and attainable efficiencies or feasible improved efficiencies that will reduce the energy or water consumption growth rates. Existing law prohibits a new appliance manufactured on or after the effective date of the operating efficiency standards to be sold or offered for sale in the state unless it is certified by the manufacturer to be in compliance with those standards.

This bill would require the Energy Commission, by January 1, 2019, to approve a plan that will promote compliance with specified regulations in the installation of central air conditioning and heat pumps. The bill would authorize the Energy Commission to adopt regulations to increase compliance with permitting and inspection requirements for central air conditioning and heat pumps, and associated sales and installations, consistent with that plan.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Reliable Electric Service Investments Act states the intent of the Legislature that the Public Utilities Commission continue to administer cost-effective energy efficiency programs that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electrical distribution grid. Under the act, in order to receive a rebate or incentive offered by a public utility for an energy efficiency improvement or for the installation of energy efficient components, equipment, or appliances in buildings, the recipient is required to certify that the improvement or installation complied with any applicable permitting requirements and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.

This bill would additionally require the recipient of an energy efficiency rebate or incentive to ~~provide proof of permit closure and~~ certify that the improvement or installation complied with any specifications or requirements set forth in the California Building Standards Code. *Code and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed. The bill would require the recipient of a central air conditioning or heat pump rebate or incentive to additionally provide a proof of permit closure.* The bill would also more specifically identify the Public Utility Commission's statutory authority for supervising cost-effective energy efficiency programs.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 25402.12 is added to the Public Resources
- 2 Code, to read:

1 25402.12. (a) On or before January 1, 2019, the commission,  
2 in consultation with the Contractors' State License Board, local  
3 building officials, and other stakeholders, shall approve a plan that  
4 will promote compliance with Part 6 of Title 24 of the California  
5 Code of Regulations in the installation of central air conditioning  
6 and heat pumps.

7 (b) Prior to approving the plan described in subdivision (a), the  
8 commission shall do all of the following:

9 (1) Evaluate the best available technological and economic  
10 information to ensure that data collection and its use is feasible  
11 and achievable at a reasonable cost to government, industry, and  
12 homeowners.

13 (2) Consider the impact of the plan on all of the following:

14 (A) Property owners.

15 (B) The ~~HVAC~~ *heating, ventilation, and air conditioning*  
16 industry, including manufacturers, distributors, and contractors.

17 (C) Local governments.

18 (D) Building officials.

19 (E) The Contractors' State License Board.

20 (3) Provide the public with the opportunity to review and  
21 comment on the proposed plan.

22 (c) The commission may adopt regulations to increase  
23 compliance with permitting and inspection requirements for central  
24 air conditioning and heat pumps, and associated sales and  
25 installations, consistent with the plan approved pursuant to  
26 subdivision (a).

27 SEC. 2. Section 399.4 of the Public Utilities Code is amended  
28 to read:

29 399.4. (a) (1) In order to ensure that prudent investments in  
30 energy efficiency continue to be made that produce cost-effective  
31 energy savings, reduce customer demand, and contribute to the  
32 safe and reliable operation of the electrical distribution grid, it is  
33 the policy of this state and the intent of the Legislature that the  
34 commission shall supervise the administration of cost-effective  
35 energy efficiency programs authorized pursuant to its statutory  
36 authority, including Sections 381, 381.1, 381.2, 381.5, 382, 384.5,  
37 400, 454.5, 454.55, 454.56, 589, 701.1, 749, and 769, Article 10  
38 (commencing with Section 890) of Chapter 4, and Chapter 6  
39 (commencing with Section 2781) of Part 2.

(2) As used in this section, the term “energy efficiency” includes, but is not limited to, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers’ bills, and reduce system needs.

(b) (1) Any rebates or incentives offered by a public utility for an energy efficiency improvement or installation of energy efficient components, equipment, or appliances in buildings shall be provided only if the recipient of the rebate or incentive ~~provides proof of permit closure and~~ certifies that the improvement or installation has complied with any applicable permitting requirements and any specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations), and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.

(2) *In addition to the requirements of paragraph (1), any rebates or incentives offered by a public utility for the purchase or installation of central air conditioning or heat pumps, or related equipment, shall be provided only if the recipient of the rebate or incentive provides proof of permit closure. The public utility is not responsible for verifying the proof of permit closure documentation provided by the recipient.*

~~(2)~~

(3) This subdivision does not imply or create authority or responsibility, or expand existing authority or responsibility, of a public utility for the enforcement of the building energy and water efficiency standards adopted pursuant to subdivision (a) or (b) of Section 25402 of the Public Resources Code, or appliance efficiency standards and certification requirements adopted pursuant to subdivision (c) of Section 25402 of the Public Resources Code.

(4) *Nothing in this subdivision shall limit the authority of the commission to impose any additional requirements on a recipient of any rebate or incentive.*

(c) The commission, in evaluating energy efficiency investments under its statutory authority, shall also ensure that local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and

1 energy efficiency service providers are encouraged to participate  
2 in program implementation where appropriate.

3 (d) The commission, in a new or existing proceeding, shall  
4 review and update its policies governing energy efficiency  
5 programs funded by utility customers to facilitate achieving the  
6 targets established pursuant to subdivision (c) of Section 25310  
7 of the Public Resources Code. In updating its policies, the  
8 commission shall, at a minimum, do all of the following:

9 (1) Authorize market transformation programs with appropriate  
10 levels of funding to achieve deeper energy efficiency savings.

11 (2) Authorize pay for performance programs that link incentives  
12 directly to measured energy savings. As part of pay for performance  
13 programs authorized by the commission, customers should be  
14 reasonably compensated for developing and implementing an  
15 energy efficiency plan, with a portion of their incentive reserved  
16 pending post project measurement results.

17 (3) Authorize programs to achieve deeper savings through  
18 operational, behavioral, and retrocommissioning activities.

19 (4) Ensure that customers have certainty in the values and  
20 methodology used to determine energy efficiency incentives by  
21 basing the amount of any incentives provided by gas and electrical  
22 corporations on the values and methodology contained in the  
23 executed customer agreement. Incentive payments shall be based  
24 on measured results.